

Message Text

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ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-09 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-14

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 SAL-01 OMB-01

SIL-01 SCEM-05 EA-11 NEA-10 ACDA-19 AF-10 RSR-01

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INFO AMEMBASSY BONN

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AMEMBASSY DUBLIN

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E. O. 11652: N/ A

TAGS: OCON ENRG EEC

SUBJECT: US- EC CONSULTATIONS MARCH 21-22 -- ENERGY

REF: EC BRUSSELS 1602

1. THIS MESSAGE REPORTS IN SOMEWHAT GREATER DETAIL THAN WAS POSSIBLE IN THE REFTEL ON THE ENERGY DISCUSSION WHICH TOOK PLACE DURING THE US- EC CONSULTATIONS MARCH 21-22. INCLUDED IS THE LIMITED OFFICIAL USE

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VERBATIM TEXT OF THE FOUR QUESTIONS RAISED BY COMMISSION VICE PRESIDENT SIMONET.

2. COMMISSIONER SIMONET BEGAN THE ENERGY PORTION OF THE CONSULTATIONS BY NOTING THE TIMELINESS OF THE DISCUSSIONS IN VIEW OF IMMINENT POLICY DECISIONS EXPECTED FROM THE US AND THE COMMUNITY COUNCIL OF MINISTERS. IN THIS CONTEXT HE STATED IT WOULD BE MOST HELPFUL TO COMMUNITY DELIBERATIONS AT THE MAY COUNCIL MEETING ON ENERGY IF THE US COULD SUPPLY ANSWERS TO THE FOLLOWING FOUR QUESTIONS:

A. IS THE UNITED STATES PREPARED TOGETHER WITH THE COMMUNITY AND JAPAN - WHICH SHOULD BE APPROACHED- TO ENTER INTO A BINDING ARRANGEMENT FOR EQUITABLE IMPORT SHARING DURING ANY IMPORT EMERGENCY AFFECTING ONE OR SEVERAL COUNTRIES INVOLVED?

B. IS THE UNITED STATES PREPARED IN CASE OF A SUPPLY EMERGENCY TO UNDERTAKE THE NECESSARY RATIONING AS IT MIGHT BE CALLED FOR BY THE SUPPLY POSITION OF ALL AFFECTED COUNTRIES?

C. IS THE UNITED STATES PREPARED TO ESTABLISH A COMPULSORY OIL STOCKPILE PROGRAM REASONABLY IN LINE WITH THEIR ATLANTIC AND JAPANESE PARTNERS?

D. IS THE UNITED STATES PREPARED TO UNDERTAKE A REVIEW OF ALL POSSIBLE MEASURES THAT COULD COLLECTIVELY BE TAKEN TO COPE WITH SUPPLY EMERGENCIES AFFECTING ONE OR SEVERAL COUNTRIES INVOLVED?

SIMONET SAID THAT WHILE HE DID NOT EXPECT DEFINITIVE ANSWERS DURING THE CONSULTATIONS, THERE IS AN UNDERLYING QUESTION OF PRINCIPLE INVOLVED ABOUT WHICH HE IS CONCERNED. DOES THE US FEEL IT CAN SOLVE ITS ENERGY PROBLEMS ALONE? IF THIS IS THE CASE, DOES THE US THINK IT WOULD BE A POLITICALLY AND ECONOMICALLY APPROPRIATE COURSE OF ACTION?

3. UNDER SECRETARY CASEY RESPONDED THAT SIMONET'S QUESTIONS WERE TIMELY AND IMPORTANT IN VIEW OF CURRENT STUDIES TO COPE WITH EMERGENCY SITUATIONS IN CONNECTION WITH OIL SUPPLY. HE NOTED THAT THE QUESTION OF IMPORT SHARING IS UNDER REVIEW IN THE OECD. HE MENTIONED US DISCUSSIONS WITH CANADA AND JAPAN AND EXPRESSED THE WILLINGNESS OF THE US TO CONDUCT SIMILAR DISLIMITED OFFICIAL USE

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CUSSIONS WITH THE COMMUNITY. OBVIOUSLY, WE COULD NOT GIVE BINDING

COMMITMENTS ABOUT US COURSE OF ACTION UNDER SUCH EMERGENCY SITUATIONS UNTIL WE KNOW IN DETAIL WHAT THE COMMITMENT INVOLVES. WITH REGARD TO THE US GOING IT ALONE, EVERY INDICATION ON THE US SCENE POINTS TO INCLUSION OF INTERNATIONAL COOPERATION AS AN ELEMENT OF ITS ENERGY POLICY.

4. ASSISTANT SECRETARY ARMSTRONG SUGGESTED THAT A MAJOR EMPHASIS IN US POLICY WILL BE TOWARD DOMESTIC SUPPLY EXPANSION. SUCH AN EFFORT WOULD BE USEFUL TO OTHER CONSUMERS BY REDUCING US IMPORT DEMAND PRESSURE. HE STATED THAT IN ITS POLICY REVIEW THE US HAD UNDER CONSIDERATION ESSENTIAL COOPERATION WITH CONSUMERS AND OTHER PRODUCERS WHICH WE CONSIDER IMPORTANT EVEN WITH US EFFORTS TO IMPROVE ITS INTERNAL SUPPLY SITUATION.

5. FERNAND SPAAK, DIRECTOR GENERAL FOR ENERGY, STATED THAT THE COMMISSION HAD TAKEN TWO DECISIONS THIS WEEK CONCERNING PROPOSALS TO BE SUBMITTED TO THE COUNCIL OF MINISTERS FOR ITS MAY ENERGY MEETING:

A. ENRICHED URANIUM - ESTABLISH A COMMITTEE FOR THE PURPOSE OF CONCLUDING, AFTER AN APPROPRIATE STUDY AND EVALUATION, WHAT IS THE MOST DESIRABLE BASIS, TECHNICALLY AND ECONOMICALLY, FOR ESTABLISHING A COMMERCIAL EUROPEAN CAPABILITY FOR ENRICHING URANIUM IN THE EARLY 1980' S. THE COMMITTEE WOULD ALSO RECOMMEND THE MINIMUM ENRICHING CAPACITY TO BE INCORPORATED IN SUCH A PLANT. THE COMMITTEE WORK WOULD BE CONCLUDED IN TIME FOR A COUNCIL DECISION IN 1974 CONCERNING THE COMMITTEE'S RECOMMENDATIONS.

B. COAL - A REVISED COMMISSION PROPOSAL TO PROVIDE AID TO THE EC COKING COAL AND COKE INDUSTRY, INCLUDING A SYSTEM OF SUPPORT FROM THE COMMUNITY (MEMBER STATES AND COMMISSION) AS WELL AS THE STEEL INDUSTRY.

SPAAK NOTED A POINT OF PRIME CONCERN TO THE COMMUNITY IS THAT WHATEVER CRITERIA ARE ADOPTED FOR SUPPLY OF US ENRICHING SERVICES NOT INCLUDE DISCRIMINATORY PROVISIONS FOR SUPPLY AMONG OVERSEAS CUSTOMERS.

6. UNDER SECRETARY CASEY STATED THAT EUROPEAN CONCERNS ABOUT THE PROPOED URANIUM ENRICHMENT CRITERIA WILL BE CAREFULLY LIMITED OFFICIAL USE

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